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CC: Caroline Makepeace/DC/USEPA/US@EPA
Subject: FYI--Articles on Fracking Marcellus Shale

Weekend Edition
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WATER

Pristine Delaware River watershed and water for 15M people are at issue in gas drilling clash (*Associated Press*) This story also appeared: *Los Angeles Times, Washington Post*

MICHAEL RUBINKAM

Associated Press Writer

2:41 PM PDT, April 18, 2010

PLEASANT MOUNT, Pa. (AP) A few hundred yards from Louis Matoushek's farmhouse is a well that could soon produce not only natural gas, but a drilling boom in the wild and scenic Delaware River watershed.

Energy companies have leased thousands of acres of land in Pennsylvania's unspoiled northeastern tip, hoping to tap vast stores of gas in a sprawling rock formation the Marcellus shale that some experts believe could become the nation's most productive gas field.

Plenty of folks like Matoushek are eager for the gas, and the royalty checks, to start flowing including farmers who see Marcellus money as a way to keep their struggling operations afloat.

"It's a depressed area," Matoushek said. "This is going to mean new jobs, real jobs, not government jobs."

Standing in the way is a loose coalition of sporting groups, conservationists and anti-drilling neighbors. They contend that large-scale gas exploration so close to crucial waterways will threaten drinking water, ruin a renowned wild trout fishery, wreck property values, and transform a rural area popular with tourists into an industrial zone with constant noise and truck traffic.

Both sides are furiously lobbying the Delaware River Basin Commission, the powerful federal-interstate compact agency that monitors water supplies for 15 million people, including half the population of New York City. The commission has jurisdiction because the drilling process will require withdrawing huge amounts of water from the watershed's streams and rivers and because of the potential for groundwater pollution.

The well on Matoushek's 200-acre spread in the northern Pocono Mountains is up first. The commission is reviewing an application by Stone Energy Corp. of Lafayette, La., to extract gas from the well the first of what could be thousands of applications by energy companies to sink wells in an area roughly the size of Connecticut.

Stone Energy's application has already generated more than 1,700 written comments to the DRBC. The company, which paid a \$70,000 penalty for drilling the Matoushek well without DRBC approval in 2008, has already received a permit from the Pennsylvania Department of Environmental Protection.

Eager gas companies have leased more than 300 square miles of watershed land, conservation officials estimate.

"This is certainly just the start. There's a lot of acreage out there, and a lot of people interested in leasing their land," said Tracy Carluccio, deputy director of the anti-drilling Delaware Riverkeeper Network.

The Marcellus shale is a rock formation 6,000 to 8,000 feet beneath Pennsylvania, New York, West Virginia and Ohio, including about 36 percent of the Delaware River basin. New drilling techniques now allow affordable access to supplies in the Marcellus and other shales in the U.S. that once were too expensive to tap.

Energy companies combine horizontal drilling with hydraulic fracturing, or "fracking," a technique that injects vast amounts of water, along with sand and chemicals, underground to break up the shale and release the gas.

While gas companies refuse to identify the chemicals they use claiming that is proprietary information critics cite contamination problems in other natural gas drilling fields. They worry that unregulated fracking can taint drinking water, deplete aquifers and produce briny wastewater that can kill fish. In Dimock, Pa., about 40 miles west of the Matoushek well but outside the Delaware basin, state environmental regulators say that cracked casings on fracked wells have tainted residential water supplies with methane gas.

The Environmental Protection Agency announced last month that it will study the impact of fracking on the environment and human health. The EPA said in 2004 there was no evidence that fracking threatens drinking water quality, but critics, including a veteran engineer in the Denver regional EPA office, argued that report's methodology was flawed.

The industry contends environmental concerns are overblown. It says the drilling techniques are safe and that there has never been a proven case of groundwater contamination caused by fracking in part because fracking occurs far below the water table. Congress exempted hydraulic fracturing from federal oversight in 2005.

Dozens of people told the DRBC at a recent public hearing why they oppose the watershed drilling. A few supporters called it an economic boon and a property-rights issue.

Richard Kreznar, who owns property in the Pennsylvania riverfront community of Damascus, said gas drilling primarily benefits large landowners and exploration companies.

"After the Delaware River and the stream next to my house are messed up, what compensation will I get? Who will put it back together again?" he asked DRBC staff.

Lee Hartman, the Delaware River chairman for Trout Unlimited, worries that large water withdrawals required for fracking will create low stream flows in the Delaware's tributaries, damaging fish habitat. For the Matoushek well, Stone Energy wants to take 700,000 gallons a day from the Lackawaxen River's narrow west branch.

Hartman and others say the DRBC should first study the cumulative environmental impacts of drilling in the Delaware watershed, and pass drilling regulations, before it allows any gas extraction to take place. The agency has asked for \$250,000 in federal funds for a study, but commissioners have not said whether they will wait before voting on Matoushek's well.

Opponents say they will sue if Stone Energy's application is approved.

Downstream communities that rely on the Delaware for drinking water are worried about the coming gas boom. New York City Mayor Michael Bloomberg opposes any drilling in the watershed, while the Philadelphia City Council has asked the basin commission for an environmental study.

New York state regulators have put a moratorium on drilling in the Marcellus region, saying they won't approve permits until they are finished drafting new regulations.

Back in northeastern Pennsylvania, Matoushek, 68, a semiretired farmer who signed a lease with Stone Energy three years ago, said he is counting on royalty checks from gas production to help fund his golden years and secure the land for future generations of his family. As far he's concerned, the benefits far outweigh any theoretical harm.

"Without the approval, you're depriving me of the opportunity to derive an income from my land," he said.

His neighbors, Amy and Chuck Theobald, straddle both sides of the debate.

The longtime dairy farmers Amy is fourth-generation take pride in running their 200-head operation in an environmentally sustainable way. They worry that drilling will ruin the water, and that state government doesn't have the resources to adequately police the industry. They believe landowners who signed up early got fleeced.

But Amy also sees the Marcellus gas field as a way to reduce the nation's reliance on foreign sources of energy. And, with dairy prices in freefall and the Theobald farm hemorrhaging \$6,000 a month, the couple are thankful they signed a 5-year lease with Chesapeake Energy Corp. that paid them \$1,850 an acre.

"I'm not sure what we would have done to keep our heads above water," she said.

Gas drilling debate rages in Del. River watershed (*Associated Press*)

By MICHAEL RUBINKAM (AP)

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